manufactured indigenously and that customs duty on raw materials/components required for the manufacture of such equipment should also be reduced to zero in order to encourage their local manufacture. Alternatively, indigenously manufactured equipment may be exempted from excise duty and deemed export status may be given to indigenous equipment manufacturers. Further, facility of concessional customs duty may be given only to those companies which have been duly licensed by DOT.

These recommendations were taken into consideration. Accordingly, basic customs duty on specified telecom equipment listed in notification 51/97—Cus. dated 2.6.97 was reduced to 20%. These equipment were also exempted from additional duty of customs. Request for reduction of customs duties on raw materials/components of telecom equipment specified in the afore-mentioned notification is under consideration.

Collapse of CRB Group

727. SHRI GURUDAS DAS GUPTA:
SHRI GAYA SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn into the collapse of CRB Group;

(b) if so, the details thereof; and

(c) what action has been taken to see that the hard-earned investments of the small investors are protected?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) The main activities of CRB Capital Markets Ltd. were hire purchase, leasing finance and merchant banking. A complaint was received in December, 1996 by RBI from Tourism Finance Corporation of India Ltd. regarding default of repayment of deposits by CRB Capital Markets Ltd. Global Trust Bank Ltd. has also reported to RBI in March, 1997 about development of Letter of Credit opened by a group Company. Further, the company fraudulently overdrew its accounts with the State Bank of India, Mumbai main Branch (MMB) for payment of interest warrants, deposit refunds and brokarage warrant by an amount of over Rs. 58 crores. Keeping in view the findings of the inspection carried out between November, 1996 to January, 1997 and the subsequent developments, especially relating to the SBI, the RBI issued prohibitory orders on April, 1997 under Section 45MB(1) &(2) of RBI Act directing the company not to accept any further deposits and not to alienate any assets without prior permission of RBI. The RBI filed a winding up petition in the Delhi High Court under Section 45 MC of the RBI Act on 21.5.97. A provisional Liquidator has been appointed by the Delhi High Court.

The developments relating to CRB Capital Markets Ltd. have been reviewed by the Government in a number of meetings. Government has asked the regulators, i.e. RBI and SEBI to undertake a thorough internal review of the regulatory actions in regard to these companies to see if there have been any lapses in application of regulations to CRB group of companies or in responding to warning signals, so that these deficiencies can be corrected. Government has also advised the State Bank of India to ascertain whether there was any internal failure to act on early warning signals emanating from the defaults in the payment arrangements with CRB capital Markets Ltd. At the operative level an inter-departmental group comprising representatives of CBI, RBI, SBI and State Government has been constituted to ensure concerted action. RBI has also issued detailed instructions to banks prescribing the procedural safeguards to be taken into account while providing "at par" payment facilities to companies.

(c) The provisional Liquidator has initiated steps to crystalise the assets and liabilities of the Company. The issue of settlement of claims of creditors is subjudice and would proceed as per the provisions of law and directions of the Delhi High Court.

Features of VDIS

728. SHRI GAYA SINGH:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have launched a